

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant : John Delta and Donald Basic Art Unit : 3624
Serial No. : 09/841,661 Examiner : Akintola, Olabode
Filed : April 24, 2001 Conf. No. : 6435
Title : EXTENDED HOURS TRADE FILTERING

Mail Stop Appeal Brief - Patents

Commissioner for Patents
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REPLY BRIEF

Pursuant to 37 C.F.R. §41.41, Applicant responds to the Examiner's Answer as follows

**A. Rejection of claims 1-19 under 35 U.S.C. § 112,
second paragraph**

Claim 1 calls for “A computer system executing a trade filtering process for identifying suspect trades, the computer system executing processes comprising.”

The examiner contends that:

Regarding independent claim 1 (representing claims 1-19), Appellant asserts that the claim is directed to a computer system/apparatus or machine (see Appeal Brief, pages 10-12).

In Response to (A): Applicants admits that this claim is an apparatus. However, the body of the claim does not contain any limitation indicating the structure of the apparatus. A system or an apparatus claim should always claim the structure or the hardware that performs the function.

Applicant's claimed limitations comprising of processes/modules/software do not describe the structure of the system.

The examiner takes the position that under 35 U.S.C. § 112, second paragraph that: “A system or an apparatus claim should always claim the structure or the hardware that performs the function.”

Appellant asserts that claim 1 claims the hardware that performs the function. Claim 1 specifically requires: “A computer system … executing processes,” that is the hardware that performs the functions. The examiner appears to require Appellant to recite what one of skill in the art would view as conventional, namely a processor and memory. These are clearly

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described in Appellant's specification as part of the recited claimed hardware, the computer system that executes the claimed processes.

B. Rejection of claims 1-19 under 35 U.S.C. § 101

The examiner in the alternative asserts that:

Regarding independent claim 1 (representing claims 1-19), Appellant asserts that the claim is directed to a statutory subject matter (see Appeal Brief, pages 12-14).

In Response to (B): Claim 1 recites in the preamble "a computer system for executing a trade filtering process for identifying suspect trades, the computer system executing processes comprising:" The body of the claim recites "trade monitoring..., trade comparison .. trade filtering....". "A claim of this type is precluded by express language of 35 U.S.C. §101 which is drafted so as to set forth statutory the statutory classes of invention in the alternative only". *Ex parte Lyell* (17USPQ2d 1548).

Also claim 1 is non-statutory because it is directed towards software, *per se*, lacking storage on a medium, which enables any underlying functionality to occur.

This rejection under 35 U.S.C. § 101 is clearly improper. Again, the examiner asserts that the claim is non-statutory because the examiner believes that it is directed to software *per se*. Appellant believes that this is not consistent with authority. For example, the examiner reliance on *Ex parte Lyell*, 17 USPQ2d 1548 (Bd. Pat. App. & Inter. 1990), is misplaced, because the claim does not embrace or overlap two different statutory classes of invention set forth in 35 U.S.C. 101, despite the examiner's contentions to the contrary.

As stated in the Appeal Brief, unlike *Lyell*, where the preamble of Lyell's claim 2 recited an "automatic transmission tool in the form of a workstand and method for using same," (emphasis added) the preamble of Appellant's claim 1 only embraces a single statutory class of machine, namely an apparatus a computer system.¹ Claim 1 on its face is only directed to a single statutory class that a computer system would fall into, namely a machine. In *Lyell*, the Board only looked to the preamble to ascertain the statutory class and found two classes recited. In contrast, claim 1 only recites a computer system, an apparatus or machine under 35 U.S.C. 101.

¹ The examiner apparent concedes Appellant's view of the claim in the examiner's previous rejection under §112, ¶2.

**C. Rejection of claims 1-4, 12, 23-24, 30-31 and
34 under 35 U.S.C. § 103(a) as unpatentable over
Vogel et al in view of Kirwin et al.**

Claims 1-2, 23, 24 and 30

Appellant's claim 1 is neither described nor suggested by the combination of Vogel and Kirwin. The examiner misconstrued Appellant's argument by stating: "**Appellant argues that Vogel is directed to an invention different from the Applicant's (see Appeal Brief, pages 15-18.)**" Appellant pointed out features of Claim 1 that distinguished Claim 1 over what was described and suggested by Vogel. The argument did not focus on Vogel's invention.

Specifically, claim 1 includes the features of ... a trade monitoring process ..., a trade comparison process ... for comparing the trade price of each trade of a specific stock to a known acceptable price for that specific stock to identify which trades are suspect trades and a suspect trade filtering process ... for preventing the processing of suspect trades.

The examiner and Appellant have focused much argument on the latter feature of "a suspect trade filtering process ... for preventing the processing of suspect trades." The examiner now, newly asserts, that that this feature: "... is an intended use of the trade filtering process." Appellant believes that this statement is a concession from the examiner that Vogel in fact does not teach the claimed feature.

Appellant contends that the examiner's reasoning based on intended use is improper and without authority. In the cases that the examiner cites: *Casey* turned on the argument that the preamble recited a taping machine, but the body of the claim recited features that were neither new nor unobvious over the prior art. *Otto*, on the other hand, turned on the question of how "the core member [of the curling iron] could be attached to the hair and thus the manner of its intended use."

In the present application, the examiner attempts to extend the doctrine of "intended use" to an element of the claim, a particular configuration of a filter, which the examiner cannot find in the prior art. Moreover, this particular filtering process expressly recites the novel functionality of the filtering. Appellant believes that the examiner's reasoning and conclusions are beyond the authority given to the examiner by *Casey* and *Otto* and 35 U.S.C. 103.

Recognizing this deficiency the examiner also relies on Kirwin. The examiner argues that: “Kirwin reference despite the fact that the intended use of the recitation (i.e. for preventing the processing of suspect trades) is not positively claimed, in order to show that preventing the processing of suspect (i.e. outside a reasonable range) trade is well known in the art.” The examiner again asserts a new line of reasoning, that somehow the feature of the trade filtering process is not “positively claimed.” However, this reasoning also is erroneous. The claim recites a “trade filtering process … for preventing the processing of suspect trades.” The feature is positively claimed. Filters, whether filters that filter signals, or messages in the form of security trades, can be configured to block or pass depending on the configuration of the filter or the filter process. Appellant employs a filter process that prevents a trade from being processed under defined conditions. The feature is positively recited, and forms an element of the claim that must be considered by the examiner.

Nonetheless, Kirwin does not cure the foregoing deficiencies of Vogel. Kirwin’s graphical user interface with the option designed to prevent accidental entry of a command for a size that is outside a reasonably expected range does not teach “a suspect trade filtering process … for preventing the processing of suspect trades,” it merely provides a mechanism to allow a user or the system to ask for authorization for entry of orders that exceed some preset criterion. In particular no combination of Vogel with Kirwin therefore would fairly teach the combination of “for comparing the trade price of each trade of a specific stock to a known acceptable price for that specific stock to identify which trades are suspect trades and a suspect trade filtering process … for preventing the processing of suspect trades.”

For the remaining groups of claims, Claims 3, 4 and 31 and Claims 12 and 34, the examiner does not offer any additional argument but merely assets that the references teach the claimed features and cites to passages in Vogel and/or Kirwin. Appellant’s argument below however addresses the examiner’s mischaracterizations of Appellant’s argument.

Claims 3, 4 and 31

The examiner misconstrues Appellant’s argument because the examiner fails to mention or address in summarizing Appellant’s argument that Vogel’s setting of an irregular activity threshold is a static threshold or another amount that would indicate that the item or the bid is

irregular (or outside the normal range), as opposed to a last known good price, what is set is a variable price (that is, a price that is a function of the “last good price”).

Claims 12 and 34

The examiner misconstrues Appellant's argument because the examiner fails to mention or address in summary of Appellant's argument that the examiner conflates items as disclosed by (Vogel: col. 4, lines 54-58) with Appellants' claim 12 which is directed to the “trade.”, whereas Kirwin (paragraph 0049) merely teaches a graphical user interface that does not permit the claimed functionality.

D. Rejection of claims 5-11, 13-18, 20-22, 25-28, 32 and 35 under 35 U.S.C, § 103(a) as being unpatentable over Vogel et al, in view of Kirwin et al , and further in view of Sposito.

For claims 5-11, 13-18, 20-22, 25-28, 32 and 35, the examiner does not offer any additional argument but merely assets that the references teach the claimed features and cites to passages in Vogel and/or Kirwin or Sposito.

Claims 5-8

The examiner misconstrues Appellant's argument by failing to mention or address in his summary of Appellant's argument, Appellant's discussion of Sposito merely teaching an automated process to change the price of a stop/sell order that a trader may give to a broker, but failing to suggest a last known good price adjustment process for adjusting the last known good price of the specific stock being traded to be equal to the trade price of the last non-suspect trade, as argued for claim 5.

Claims 9-11

The examiner misconstrues Appellant's argument by failing to mention or address in his summary of Appellant's argument, Appellant's discussion of Sposito that Sposito describes a method for a monitoring and modifying the prices of securities within a user defined time

interval and in Sposito it is immaterial whether or not the stock is being traded for the first time in the trading session.

Claims 13, 14 and 15-19

The examiner misconstrues Appellant's argument by failing to mention or address in his summary of Appellant's argument, Appellant's discussion of Vogel that Vogel does not discuss any adjustments to the "irregular activity threshold" or "the normal range" and thus fails to teach to remove the irregular and suspect data items from a data representation and that the claim operates on trades not data items in a report as described by Vogel.

The examiner also newly argues that: "**Examiner also noted that the repository process for storing the trade price of the said suspect trade is treated as an intended use of the repository process.**" Prior to the examiner's answer, the examiner has not explicitly raised an intended use argument, albeit, Appellant has contended that the examiner has not given full weight to the claimed limitations. As discussed above, the examiner improperly and without any authority construes features as "an intended use."

Claim 20

The examiner misconstrues Appellant's argument by failing to mention or address in his summary of Appellant's argument, Appellant's specific discussion of Vogel, Kirwin and Sposito.

Claim 29

Regarding dependent claim 29, the Examiner has modified the basis for the rejection by asserting that "**the concept of removing trades based on certain conditionality is old and well known. For example, Tone et al (USPN 5596493) teaches discarding trades whose trade volume is zero (see col. 7, lines 47-52).**", based on Appellant's challenge of the official notice taken. However, the examiner still has not shown how the combination of Vogel, Kirwin and Sposito would benefit. Appellant asserts that for reasons discussed in the Appeal Brief the examiner has not shown that any benefit would be imparted to the combination of Vogel, Kirwin and Sposito, at least because "to remove trades that are not desirable for the trading activity" would not make the system of the combination of Vogel with official notice "more efficient."

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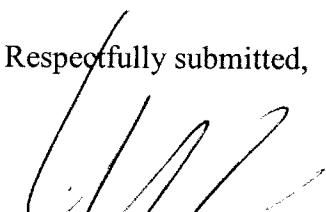
For these reasons, and the reasons stated in the Appeal Brief, Applicant submits that the final rejection should be reversed.

This Reply Brief is accompanied by a Request for Oral Hearing.

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Respectfully submitted,


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